

Message Text

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TAGS: ECON, FR, US

SUBJECT: VANIK SUBCOMMITTEE HEARING ON FINANCING OF LARGE
COMMERCIAL AIRCRAFT SALES

1. WAYS AND MEANS SUBCOMMITTEE HEARING MORNING JULY 14
UAS PRIMARILY INTENDED TO FOCUS ATTENTION ON ALLEGED FRENCH
SUBSIDIES OF AIRBUS SALE TO EASTERN AIRLINES, AND ON
ROLLS ROYCE ENGINE SALES TO LOCKHEED, ALL CONTRARY TO
UNDERSTANDINGS AMONG EXPORTER COUNTRIES AS TO LIMITS OF
EXPORT FINANCING.

2. CONGRESSMAN LEACH REEMPHASIZED NEED TO NEGOTIATE
TIGHTER INTERNATIONAL AGREEMENT, PREFERABLY AT MINISTERIAL
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LEVEL, TO FORECLOSE FUTURE PREDATORY EXPORT FINANCING.
EX-IM PRESIDENT SAID THAT SHORT OF AN AGREEMENT AT THE
HIGHEST LEVELS, WHICH SEEMED IMPROBABLE, THE SITUATION IS
UNLIKELY TO CHANGE AND THE US WILL FACE A MAJOR BATTLE IN
EXPORT MARKETS. VANIK ENDEAVORED TO FOCUS ON FRENCH
PARLIAMENTARY REPORT OF 1977 WHICH SET FORTH WAYS FRANCE
SHOULD ASSURE EXPORT SALES OF AIRBUS. VANIK HAS HAD ENTIRE

600-PAGE DOCUMENT TRANSLATED FOR PUBLICATION IN WHOLE OR PART BY THE SUBCOMMITTEE.

3. TREASURY WITNESS NOTED THAT EUROPEANS CLAIM THAT AIRBUS SALES ARE NOT COVERED BY THE STANDSTILL AGREEMENT ON

EXPORT CREDITS. HE SAID THAT IN ANY EVENT MORE FACTS AND MORE TIME WILL BE REQUIRED TO DETERMINE WHETHER AIRBUS SALE HERE WAS CONSISTENT WITH INTERNATIONAL UNDERTAKINGS, BEFORE CONSIDERING ANY COUNTERVAILING DUTY ACTION, TO SAY NOTHING OF APPLICATION OF SECTION 301 OF THE TRADE ACT WHICH WOULD BE COUNTER-PRODUCTIVE. HE SAID THAT THE INTERNAL US REVIEW OF THIS MATTER HAS NOT BEEN LOST ON FOREIGN GOVERNMENTS CONCERNED, AND THAT TREASURY LAWYERS ARE STUDYING THE POINT AT WHICH FINANCIAL LOSSES BY FOREIGN PRODUCERS, WHICH ARE THEN COVERED BY PUBLIC FUNDS, MAY RUN AFOUL OF US COUNTERVAILING DUTY LEGISLATION.

4. OTHER WITNESSES EMPHASIZED THAT OVERUHELMING SHARE OF WORLD COMMERCIAL AIRCRAFT AND ENGINE MARKET PRESENTLY HELD BY US IS LIKELY TO CONTINUE AS WE DEVELOP AND PRODUCE NEW FOLLOW-ON AIRCRAFT. ANNOUNCEMENT DURING THE HEARING

THAT UNITED AIRLINES HAD JUST DECIDED TO ACQUIRE BOEING 727 AND 767 AIRCRAFT, RATHER THAN AIRBUS, WILL PROBABLY UNCLASSIFIED

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OVERSHADOW, AT LEAST IN THE SHORT RUN, WHATEVER IMPACT THIS HEARING MIGHT HAVE ON OTHER GOVERNMENTS.

5. VANIK .OMPLAINED THAT UNITED TECHNOLOGIES WAS ONLY INDUSTRY REPRESENTATIVE WILLING TO TESTIFY. CHRISTOPHER

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